

Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 NEA-10 L-03 CCO-00 CIAE-00 OTPE-00

FCC-01 INR-07 NSAE-00 OC-06 USIA-06 COME-00 BIB-01

ACDA-07 DODE-00 PM-04 NASA-01 NSC-05 ERDA-05 OES-06

SAM-01 SS-15 SP-02 /088 R

DRAFTED BY EB/TT:RWHEATLEY:LAB

APPROVED BY NEA:SSOBER

NEA/RA:DTMORRISON

L/NEA:JROHWER

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R 171654Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

INFO USINT BAGHDAD

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY ABU DHABI

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY SANA

AMEMBASSY DOHA

AMEMBASSY AMMAN

C O N F I D E N T I A L STATE 204113

E.O. 11652: GDS

TAGS: ETEL, EG, TS

SBJ: ARAB BOYCOTT: SPECIAL STATUS OF
COMMUNICATIONS

1. ALL U.S. TELECOMMUNICATIONS RECORD CARRIERS NOW SERVE
THE MIDDLE EAST VIA ITALY AND, FOR MOST PART, THROUGH
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ITALIAN INTERMEDIARIES. RECENT DEVELOPMENTS IN SATELLITE
TECHNOLOGY AND EXPANSION OF TRAFFIC HAVE STIMULATED STRONG

INTEREST ON PART OF U.S. CARRIERS IN ESTABLISHING DIRECT
END-TO-END SERVICE, IF POSSIBLE.

2. IN JANUARY 1975, ITT FILED AN APPLICATION FOR AN
INCREASED NUMBER OF CIRCUITS TO SAUDI ARABIA. WESTERN
UNION INTERNATIONAL (WUI) HAS FOLLOWED SUIT WITH APPLICA-
TIONS FOR SERVICE TO OTHER BOYCOTTING COUNTRIES. THE FCC
IS NOW CONSIDERING THE ITT AND WUI APPLICATIONS FOR NEW OR
EXPANDED SERVICE EITHER THROUGH A EUROPEAN POINT OR VIA THE
ATLANTIC SATELLITE TO COUNTRIES WHICH BOYCOTT RCA. BECAUSE
OF THE BOYCOTT, RCA CANNOT COMPETE FOR END-TO-END MESSAGE
TRAFFIC TO SAUDI ARABIA, SYRIA, IRAQ, KUWAIT, AND OTHER
GULF STATES.

3. IN THE CASE OF SAUDI ARABIA, RCA, ITT, AND WUI PROVIDE
RECORD COMMUNICATIONS (I.E., TELEGRAM, TELEX) SERVICE VIA
ROME. HOWEVER, ITT HAS AN END-TO-END OPERATING AGREEMENT
WITH THE SAUDIS COVERING 6 CIRCUITS (APPROVED BY THE FCC
IN JANUARY 1975 WITHOUT CONSIDERING BOYCOTT IMPLICATIONS)
AND SETTLES ACCOUNTS DIRECTLY. WE ARE INFORMED THAT WUI
HAS JUST NEGOTIATED AN OPERATING AGREEMENT WITH THE SAUDIS.
RCA AND WUI NOW WORK THROUGH ITALIAN INTERMEDIARIES WHICH
SPLIT REVENUES RESPECTIVELY WITH U.S. AND SAUDI CARRIERS
ON THE LINKS TO ROME. ITT HAS APPLIED FOR PERMANENT
AUTHORIZATION TO EXPAND END-TO-END SERVICES VIA ROME, AND
ALSO DIRECTLY VIA THE ATLANTIC SATELLITE AND A NEW EARTH
STATION AT RIYADH.

4. PAST PATTERN IN WHICH ALL U.S. CARRIERS HAVE DEALT
WITH COUNTRIES APPLYING BOYCOTT VIA EUROPEAN INTERMEDI-
ARIES HAS MINIMIZED THE IMPACT OF THE BOYCOTT ON BOY-
COTTED CARRIER. RCA CONTINUES TO HAVE THE LARGEST SHARE
OF TELECOMMUNICATIONS SERVICES WITH ARAB COUNTRIES AS A
WHOLE, THOUGH END-TO-END OFFERINGS BY OTHER U.S. CARRIERS
COULD ERODE RCA'S POSITION IN THE AREA. ON THE OTHER
HAND, MAINTAINING STATUS QUO WOULD RESULT IN LIMITED
UTILIZATION OF ATLANTIC SATELLITE FACILITIES AND FURTHER
DIVERSION OF REVENUE TO INTERMEDIARIES.

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5. IF THE FCC GRANTS NEW AUTHORITY TO FIRMS NOT BOYCOTTED
TO USE THE ATLANTIC SATELLITE, SUCH A DECISION MIGHT BE
CHALLENGED ON LEGAL OR POLICY GROUNDS. THE IDEAL
SOLUTION WOULD BE FOR ARAB COUNTRIES NOW APPLYING THE
BOYCOTT TO TELECOMMUNICATIONS TO EXEMPT THE TELECOMMUNI-
CATIONS AREA MUCH AS GENERALLY IS DONE WITH HOTELS AND
AIRLINES. ON TELECOMMUNICATIONS POLICY GROUNDS, STRONG
CASE CAN BE MADE FOR EXEMPTING TELECOMMUNICATIONS FROM
ALL POLITICAL INTERFERENCE. SUCH ACTION, OF COURSE,
WOULD BE SUPPORTIVE OF ADMINISTRATION ARGUMENTS THAT BEST

APPROACH TO EASING IMPACT OF BOYCOTT ON U.S. FIRMS IS THROUGH PRAGMATIC DISCUSSIONS--NOT RPT NOT THROUGH CONFRONTATIONAL LEGISLATION.

6. THERE ARE PRECEDENTS:

(A) THERE IS DE FACTO RECOGNITION OF THE SPECIAL STATUS OF TELECOMMUNICATIONS IN THE NUMBER OF ARAB COUNTRIES (E.G., EGYPT, JORDAN, LEBANON) WHICH HAVE NOT APPLIED THE BOYCOTT TO TELECOMMUNICATIONS.

(B) INTERNATIONAL TELECOMMUNICATIONS SERVICES HISTORICALLY HAVE BEEN CARRIED ON AMONG NATIONS WITHOUT REGARD TO POLITICAL DIFFERENCES.

(C) THE INTERNATIONAL TELECOMMUNICATIONS CONVENTION, TO WHICH ARAB NATIONS AND ISRAEL ARE PARTIES, HAS AS ITS STATED PURPOSE: "TO MAINTAIN AND EXTEND INTERNATIONAL COOPERATION FOR THE IMPROVEMENT AND RATIONAL USE OF TELECOMMUNICATIONS OF ALL KINDS...TO HARMONIZE THE ACTIONS OF NATIONS IN THE ATTAINMENT OF THESE ENDS."

(D) MOST ARAB STATES AND ISRAEL ARE SIGNATORIES TO THE DEFINITIVE ARRANGEMENTS OF INTELSAT WHICH HAS AGREED OBJECTIVE OF ESTABLISHING "A SINGLE GLOBAL COMMERCIAL COMMUNICATIONS SATELLITE SYSTEM IN ORDER TO PROVIDE EXPANDED TELECOMMUNICATIONS SERVICES TO ALL AREAS OF THE WORLD."

7. THE DEPARTMENT ATTEMPTED IN 1967 TO FIND A MEANS OF EXEMPTING TELECOMMUNICATIONS FROM BOYCOTT RESTRICTIONS
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IN FACE OF KUWAIT BOYCOTT CONFERENCE RECOMMENDATIONS THAT RCA BE BLACKLISTED. OUR APPROACH TO MOST MIDDLE EAST GOVERNMENTS SOUGHT SUPPORT FOR A PROPOSAL TO EXEMPT TELECOMMUNICATIONS WHICH WAS TO BE PUT FORTH AT JUNE 1967 ARAB LEAGUE BOYCOTT CONFERENCE. RESPONSE FROM KUWAIT INDICATED THAT OUTLOOK FOR RCA WAS BLEAK IN KUWAIT AT THAT TIME. IN 1972, RCA GLOBCOM WROTE DIRECTLY TO SEC. GEN. MAHMUD MUHAMMAD RIYAD OF ARAB TELECOMMUNICATIONS UNION (HQ IN CAIRO) ASKING THAT TELECOMMUNICATIONS BE EXEMPT FROM BOYCOTT. RCA HAS INFORMED THE DEPARTMENT THAT NO RESPONSE WAS RECEIVED TO THAT LETTER.

8. OVER NEXT FEW MONTHS, WE WISH TO EXPLORE POSSIBLE AVENUES EXEMPTING INTERNATIONAL TELECOMMUNICATIONS FROM THE PROVISIONS OF THE BOYCOTT. AMONG INITIATIVES WE ARE CONSIDERING IS INFORMAL USG APPROACH TO SECRETARY GENERAL RIYAD OF ATU. OUR APPROACH WOULD BE TO STATE PROBLEMS WE FACE AND SEEK FRIENDLY ADVICE ON WHAT

SOLUTION MAY BE POSSIBLE. IT WOULD NOT RPT NOT BE OUR
INTENT TO HOLD OUT THREAT TO ARAB COUNTRIES OF OUR
CONTINUING TO WITHHOLD AUTHORIZATION FOR INSTITUTION OF
NEW TELECOMMUNICATIONS SERVICES IF BLACKLISTED CARRIERS
PRECLUDED FROM PARTICIPATING. DECISION ON LICENSING IN
FACT WILL BE MADE BY FCC, AN INDEPENDENT REGULATORY
AGENCY. WE HAVE HAD SOME DISCUSSION WITH SAUDI ARABIAN
EMBASSY HERE AND INTEND FURTHER DISCUSSION NEXT MONTH.

9. DEPARTMENT WOULD APPRECIATE YOUR ASSESSMENT OF SEC.
GEN. RIYAD'S RECEPTIVITY TO SUCH AN APPROACH. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELECOMMUNICATION, BRIEFING MATERIALS, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE204113
Document Source: CORE
Document Unique ID: 00
Drafter: RWHEATLEY:LAB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760316-0251
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760846/aaaabnkq.tel
Line Count: 180
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAY 2004 by izenbei0>; APPROVED <26 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT: SPECIAL STATUS OF COMMUNICATIONS
TAGS: ETEL, EG, IS, XF
To: CAIRO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006